



## REPUBLICAN CAUCUS

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## The President's Budget for Fiscal Year 2008

### KEY FACTS

**The President balances the federal budget in 2012 – without raising taxes – by maintaining successful pro-growth economic policies and by reforming entitlements.**

- **Total Spending:** \$2.9 trillion for FY2008; an increase of \$118 billion over FY2007. Spending increases by an average of 3.1% per year for the next five years.
- **Entitlement Reform:** \$1.5 trillion for FY2008. Assumes entitlement growth at 5.6% per year through 2012, including the following:
  - ▶ Initiatives and reforms that yield savings of \$95.9 billion over five years, assuming:
    - 5.6% growth in Medicare, including \$66 billion in reforms.
    - 7% growth in Medicaid/ SCHIP, including \$12 billion in reforms.
    - \$15 billion increase in Pell Grants over five years.
    - Social Security personal accounts.
- **Discretionary Appropriations:** \$1.075 trillion for FY2008; an increase of \$27 billion over FY2007, including the \$175 billion in FY2007 supplemental funding; and FY2008 funding for Iraq and Afghanistan. (*Note: This is the first time the Administration's budget has included funding for the full estimated costs of operations in Iraq and Afghanistan.*)
  - ▶ Total discretionary funding – excluding war funding – is \$929.8; an increase of 6.5% over FY2007.
  - ▶ Defense (base budget): \$481.4 billion in FY2008; an increase of 11% over FY2007.
  - ▶ War Funding: \$99.6 billion for FY2007; \$145 billion for FY2008; and \$50 billion for FY2009.
  - ▶ Homeland Security: \$36 billion in FY2008; an increase of 6.7% over FY2007.
  - ▶ Non-Security Appropriations: \$412 billion for FY2008; an increase of 2.2% over FY2007.
- **Taxes/ Revenues:** Projects \$2.7 trillion in FY2008; and projects revenue growth of 5.4% per year through 2012. This includes:
  - ▶ Make permanent the tax relief enacted in 2001 and 2003.
  - ▶ Extend other expiring tax provisions, including AMT, and the Research and Experimentation [R&E] tax credit.
  - ▶ Health Savings Accounts [HSAs] and new health deductions, and other initiatives.

